

2015 Proxy Voting Guidelines

Advocacy Investing® Portfolios
Marc J. Lane Investment Management, Inc.



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MARC J. LANE INVESTMENT MANAGEMENT, INC.

Proxy Voting Guidelines

Marc J. Lane Investment Management, Inc. (MJLIM) believes that Corporate Governance, Environmental, and Social Justice considerations are substantial contributors to overall corporate performance and long-term investment returns. MJLIM also believes that proxy voting is an important right of shareholders. It allows shareholders to give voice to their own values, impact corporate behavior, and promote constructive change.

MJLIM will only vote proxies for those clients who have given us the authority to do so. We will, however, vote proxies for all accounts that are governed under ERISA, the Employment Retirement Income Security Act of 1974, unless the plan trustee has specifically reserved the right to do so for himself or some other designated party. Clients who have provided us with specific mission or value-based guidelines, and have given us the authority to do so, will have their proxies voted in accordance with those guidelines.

In the absence of specific instructions to the contrary, Marc J. Lane Investment Management, Inc. will generally vote proxies in accordance with the guidelines outlined below. While these guidelines are intended to have broad application, they cannot possibly cover every proxy issue that may arise. Each proposal to be voted on will be reviewed on a case-by-case basis and all relevant facts and circumstances will be taken into account. From time to time MJLIM may even determine that it is in the best interest of our clients to vote in a manner that appears inconsistent with these guidelines.

All voting decisions are intended to meet our fiduciary duty, and generally include support for high standards of corporate governance, and social and environmental responsibility. In all proxy voting decisions, MJLIM will consider the opinion of management and the effect on shareholder value.

MJLIM may on occasion use a third party in order to obtain information and analysis on general issues and specific ballot items. If a third party is used, MJLIM will verify that they have the “capacity and competency” to adequately analyze proxy issues, and that they can make proxy voting recommendations in an impartial manner and in the best interest of our clients.

To obtain the proxy voting record for your specific account, please send a written request to: Marc J. Lane Investment Management, Inc., Attn: Investor Advocate, 180 N. LaSalle Street, Suite 2100, Chicago, IL 60601-2701.

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Corporate Governance Issues

BOARD OF DIRECTORS

The Board of Directors is responsible for the overall governance of the corporation, including representing the interests of shareholders and overseeing the company's relationships with other stakeholders. An active, informed, independent and involved board is essential for ensuring corporate integrity, accounting transparency and long-term financial strength.

Although uncontested director elections do not present alternative nominees, a large percentage of withheld votes is an expression of shareholder dissatisfaction, and may often be sufficient to elicit a meaningful response from management. MJLIM may withhold votes from individual directors or entire slates of directors if we deem that their removal would be in the best interest of our clients and other shareholders.

Director Elections: We support resolutions requiring the board to adopt a majority vote standard in the election of directors.

Director Nominees: We *withhold* approval for all nominees if the Board does not include a majority of independent directors. We *withhold* approval for all nominees if the Board has failed to act on a takeover offer where the majority of shareholders had tendered their shares.

We *withhold* votes for nominees who have attended less than 75% of Board and Committee meetings in prior years. We *withhold* votes for nominees whose board memberships are so numerous that it is difficult for them to give the company the level of attention needed. We *withhold* votes for nominees who are inside directors or affiliated outside directors who sit on the audit, compensation, or nominating committees.

Board Diversity: Generally, we *support* proposals to report on the company's efforts to diversify the board.

Director Nominees in Contested Elections: We vote on a *case-by-case basis* on the election of directors in contested elections, considering the following factors:

1. Long-term financial performance of the target company relative to its industry
2. Management's track record
3. Background of the proxy contest
4. Qualifications of the director nominees
5. Likelihood that the proposed goals and objectives can be achieved
6. Stock ownership positions

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Independent Membership: We *support* resolutions requiring that the majority of the Board of Directors consist of outside/independent members. We *support* resolutions requiring that independent directors meet at least once a year, without the CEO or other non-independent directors attending.

Board Committees: We *support* resolutions requiring that the audit, compensation, and nominating committees be comprised solely of independent directors.

Directors on Public Boards: We *oppose* directors that are on more than 4 public boards. We believe that Director's that are on more than 4 public boards will limit their ability to fully contribute their time and resource.

Separation of Chairman of the Board and CEO: We vote on a *case-by-case basis* on resolutions requiring that the position of Chairman of the Board and Chief Executive Officer be held separately. We *support* resolutions requiring the board to designate, either formally or informally, an independent director to act in a lead capacity to coordinate the other independent directors.

Board Terms: We *support* resolutions requiring the annual election of Board Members. We *oppose* resolutions seeking to implement classified and/or staggered board terms.

Age Limits: We *oppose* shareholder or management proposals to limit the tenure of outside directors through mandatory retirement ages.

Board Size: We *support* resolutions asking for majority shareholder approval prior to adjusting the Board size. We *support* resolutions seeking to fix the board size or to designate a range for the board size. We *oppose* resolutions that give management the ability to alter the size of the board outside of a specified range without shareholder approval.

Classification/Declassification of the Board: We *oppose* resolutions to classify the board. We *support* all proposals to repeal classified boards and to elect all directors annually.

Board Performance/Evaluation: We *support* resolutions asking the board to adopt written governance principles. We *support* resolutions asking the board to establish performance criteria for itself (both financial and non-financial), and at least annually review board performance against those criteria. We *support* resolutions requiring the board to have an effective CEO succession plan in place.

Director and Officer Liability Protection and Indemnification: We *support* resolutions seeking to indemnify directors and limit director liability, provided they have acted honestly, in good faith, and in what is believed to be the best interest of the company. We *oppose* indemnification proposals that would expand coverage beyond just legal expenses to liability for acts that are more serious violations of fiduciary obligation than mere carelessness, such as negligence. We *oppose* resolutions to eliminate entirely

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directors' and officers' liability for monetary damages for violating the duty of care. We *oppose* resolutions that would provide for mandatory indemnification of company officials in connection with acts or omissions where indemnification was previously at the discretion of the company's board.

Board Tenure and Mandatory Retirement Age: We will vote on a *case-by-case basis* on resolutions seeking to limit board tenure. We will vote on a *case-by-case basis* on resolutions seeking to implement a mandatory retirement age for directors.

Board Transparency: We *support* resolutions asking for increased transparency of Directors' attendance at board meetings and information on any other boards on which they sit.

Post-election Director Resignation Policy: We *support* resolutions requiring any director nominee who receives a greater number of votes "withheld" for his or her election than votes "for" such election shall promptly tender his or her resignation. We vote on a *case-by-case basis* on resolutions giving the independent directors of the board the capability to accept or reject the tendered resignation. If we believe that the independent directors of the company have this right, we require that they publicly disclose their decision, including the reasons for rejecting the tendered resignation if applicable.

Stock Ownership: We *oppose* resolutions requiring directors to purchase stock in the company. We *support* resolutions calling for a portion of directors' compensation to be paid in the form of stock or stock options.

Stock Ownership Requirements: Generally, we *oppose* shareholder proposals that mandate a minimum amount of stock that an individual must own in order to qualify as a director or to remain on the board.

Office of the Board: Generally, we *support* shareholder proposals requesting that the board establish an office of the board of directors in order to facilitate direct communications between shareholders and non-management directors.

Open Access: Generally, we *support* reasonably crafted shareholder proposals providing shareholders with the ability to nominate director candidates to be included on management's proxy card, provided the proposal substantially mirrors the SEC's proposed formula (<http://www.sec.gov/rules/proposed/34-48626.htm>).

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DIRECTOR , EXECUTIVE, AND EMPLOYEE COMPENSATION

Compensation plans are designed to attract, hold, and motivate talented directors, executives, and employees. As excessive executive compensation has become a widespread problem, it is now more important than ever that compensation plans are consistent with the long-term interests of shareholders and based on the long-term performance of the company.

Disclosure: We *support* resolutions requiring increased disclosure of executive and director compensation, including salaries, option awards, bonuses, and restricted stock grants. We *support* shareholder resolutions requesting companies to review and report on executive compensation. We also *support* resolutions to review executive compensation as it relates to non-financial performance such as diversity, human rights, environment and community relations, predatory lending, improvements in healthcare quality and other social issues. We *oppose* resolutions asking companies to provide compensation information that would require unreasonable expense or unusual reporting methods.

Director Compensation: We *support* resolutions requiring that director compensation consist partially of stock and/or stock options. We *oppose* shareholder proposals requiring director fees be paid in stock only. We *oppose* resolutions providing retirement plans for independent directors. We *support* resolutions seeking to eliminate retirement plans for independent directors. We *oppose* retirement plans for non-employee directors. We *oppose* resolutions seeking to establish too-narrowly defined limits on director compensation.

Executive Compensation: We vote on a *case-by-case basis* on resolutions concerning the "Say on Pay" issues. We *support* resolutions seeking to tie executive compensation directly to long-term (greater or equal to five (5) years) total shareholder return. We *support* resolutions asking for the disclosure of performance based criteria and hurdle rates. We *oppose* executive compensation plans if we determine that the compensation does not reflect the financial, economic and social circumstances of the company. We *support* resolutions requiring that executive compensation consist partially of stock in the company and/or stock options. We *support* resolutions requesting that management report on the ratio between CEO compensation relative to average employee compensation. We vote on a *case-by-case basis* on resolutions seeking to set a maximum ratio between CEO and average employee compensation. We *oppose* resolutions seeking to establish too-narrowly defined limits on executive compensation. We *support* resolutions asking companies to freeze executive compensation in times of downsizing.

We *support* executive compensation plans that reward senior executives with "performance-vesting" shares. These shares require achievement of performance goals as a prerequisite to vesting. We believe that if a company is going to issue restricted

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stock grants as a way of making sure executives are owners rather than optionees, the grants should be earned on a performance basis.

We *support* resolutions requiring that the compensation of senior executives be determined without regard to any “pension income” from a defined benefit pension plan that the accounting department may require the company to treat as an addition to its reported income and earnings per share. Compensation decisions should not be influenced by such “income,” because pension income does not reflect the results of operations, money that is actually available for use by the company, or the actual performance of the executives involved.

Stock Options: We *support* resolutions rewarding directors, executives, and employees with stock and/or stock options. We *oppose* resolutions approving stock option plans that have option exercise prices below market price on the day of the grant. We *oppose* resolutions approving stock option plans that do not have a termination date. We *support* resolutions requiring that all option plans and option re-pricing plans must be submitted for shareholder approval. We *support* resolutions that implement holding periods for stock options exercised. We *support* resolutions rewarding executives with performance-vesting shares.

Options Backdating: We *withhold* votes from compensation committee members who oversaw options backdating or other questionable options grant practices and from current compensation committee members who fail to respond to the issue proactively.

Employee Compensation: We *support* resolutions seeking to establish employee stock ownership plans (ESOPs). We *support* resolutions that increase the number of authorized shares for existing ESOPs. We *support* resolutions asking a company to analyze workers’ wages using a “living wage” method of analysis. We *support* resolutions seeking to establish a 401(k) savings plan for employees.

Employee Stock Purchase Plans (Qualified Plans): We vote on a *case-by-case* basis on qualified employee stock purchase plans. We *support* employee stock purchase plans where all of the following apply:

- Purchase price is at least 85 percent of fair market value.
- Offering period is 27 months or less.
- The number of shares allocated to the plan is ten percent or less of the outstanding shares.

We *oppose* qualified employee stock purchase plans where any of the following apply:

- Purchase price is less than 85 percent of the fair market value.
- Offering period is greater than 27 months.
- The number of shares allocated to the plan is greater than ten percent of the outstanding shares.

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Employee Stock Purchase Plans (Non-Qualified Plans): We vote on a *case-by-case* basis on nonqualified employee stock purchase plans. We *support* nonqualified employee stock purchase plans with all of the following features:

- Broad-based participation.
- Limits on employee contribution (may be fixed dollar amount or as a percent of base salary).
- Company matching contribution up to 25 percent of employee's contribution, which is effectively a discount of 20 percent from market value.
- No discount on the stock price on the date of purchase since there is a company matching contribution.

We *oppose* nonqualified employee stock purchase plans lacking any one or more of the above plan features.

Golden Parachutes: We *support* resolutions that require "golden parachutes" and other severance agreements to be approved by shareholders. We *support* the right of shareholders to vote on "golden parachutes" which we believe go above and beyond ordinary compensation practices. We take into account total management compensation, the employees covered by the plan and the quality of management.

Advisory Votes: We vote on a *case-by-case basis* on resolutions seeking to grant shareholders an advisory vote on executive pay and executive compensation packages. We *support* shareholder proposals that call for non-binding shareholder ratification of the compensation of the executive officers.

Executive Bonus Plans: We *support* resolutions requiring approval by the shareholders, prior to the Board of Directors implementing an executive bonus plan. We *support* resolutions establishing a maximum award for the performance period (generally a fiscal year). We *oppose* resolutions seeking to establish too-narrowly defined limits for executive bonus plans.

Cost of Equity Compensation Plans: Generally, we *oppose* equity plans if the cost is unreasonable.

Repricing Provisions: We *oppose* plans that permit the repricing of underwater stock options without prior shareholder approval, even if the cost of the plan is reasonable. Also, we *withhold* votes from members of the compensation committee who approved without prior shareholder approval and/or implemented an option exchange program by repricing and buying out underwater options for stock, cash or other considerations, or by cancelling underwater options and regranting options with lower exercise prices, even if such repricings are allowed in the Company equity plan. We *oppose* equity compensation plans if the company has a history of repricing options without shareholder approval, and the applicable listing standards would not preclude them from doing so.

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Pay-for-Superior Performance: Generally, we *support* shareholder proposals that request the board to establish a pay-for-superior performance standard in the company's executive compensation plan for senior executives.

Pay-for-Performance Disconnect: Generally, we *oppose* plans in which:

- The CEO's pay and company performance are disconnected (an increase in pay and decrease in performance).
- The main source of the pay increase is equity based.
- The CEO actively participates in the compensation decisions.
- CEO pay increases are based on the CEO's total direct compensation (salary, cash bonus, present value of stock options, face value of restricted stock, value of non-equity incentive payouts, change in pension value and nonqualified deferred compensation earnings, and all other compensation) automatically increasing over the previous year.

We *withhold* our vote from the compensation committee members when the company has a pay-for-performance disconnect.

Option Repricing: We *support* shareholder proposals to put option repricings to a shareholder vote.

Poor Pay Practices: We will *withhold* our vote from compensation committee members, the CEO, and potentially the entire board, if the company has poor compensation practices. The following practices, while not exhaustive, are examples of poor compensation practices that may warrant withholding votes:

- Unreasonable employment contracts (multi-year guarantees for bonuses and grants).
- Unreasonable perks that dominate compensation (tax gross-ups for personal use of corporate aircraft).
- Unreasonable bonus payouts without justifiable performance linkage or proper disclosure.
- Unreasonable pension/SERP payouts.
- New executives awarded an overly generous new hire package.
- Excessive severance payout payments.
- Options backdating.

We will *oppose* equity plans if the plan is a vehicle for poor compensation practices.

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AUDITORS

Auditors are responsible for ensuring that company financial statements express the true financial condition of a firm and are free from material misstatements. Auditors must act with integrity, objectivity, and independence to reduce the potential for abuse. While the company may be in the best position to evaluate the competence of its auditors, it is in the best interest of shareholders for auditors to be appointed and approved annually by an audit committee consisting of independent directors.

Auditor Independence: If the company is not publicly traded, we *oppose* resolutions allowing auditors to receive fees from work other than audit or audit related work that exceed 5% of total fees paid to the auditing firm and any affiliated organizations.

Auditor Ratification: Generally, we *support* the ratification of auditors recommended by an independent audit committee. We *oppose* proposals to ratify an auditor if the auditor has a material financial interest in or association with the company other than through rendering approved services to the company. We *oppose* the ratification of auditors if there is a reason to believe that the auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position, or where the independence of the auditor may have been or will be compromised. If the company is not publicly traded, we *oppose* the ratification of auditors if fees received from work other than audit or audit related work exceed 5% of total fees paid to the auditing firm and any affiliated organizations.

Audit Committee Pre-Approval Policy: We *support* resolutions requiring the audit committee to pre-approve all audit and tax services, and if the company is not publicly traded, audit-related and non-audit services that may be performed by the company's independent registered public accounting firm. If the company is not publicly traded, we vote on a *case-by-case* basis on shareholder proposals asking companies to prohibit or limit their auditors from engaging in non-audit related services.

Audit Firm Rotation: We vote on a *case-by-case* basis on shareholder proposals asking for audit firm rotation, taking into account the following:

1. The tenure of the audit firm.
2. The length of rotation specified in the proposal.
3. Any audit-related issues at the company.
4. The number of audit-related meetings held each year.
5. The number of financial experts serving on the committee.
6. Whether the company has a periodic renewal process where the auditor is evaluated for both quality and competitive price.

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CORPORATE RESTRUCTURING AND CORPORATE DEFENSES

Mergers, acquisitions, spin-offs, and other forms of corporate restructuring often involve a change in control of a company's assets, and shifting of liabilities. These changes raise significant issues and need to be considered very carefully by shareholders. Corporate restructuring decisions must take into account the impact on all stakeholders, including shareholders, employees, bondholders, creditors, customers, and the communities in which the company operates.

Re-incorporation: We *support* re-incorporation when there are sound financial and business reasons for the change and such re-incorporation does not materially weaken the company's governance. We *oppose* re-incorporation if it is used as an anti-takeover defense.

Restructuring: We will vote on a *case-by-case basis* on all merger and acquisition proposals. We *support* resolutions asking management to study and report on the impact of a restructuring plan on the various stakeholders in the company.

Recapitalization: We vote on a *case-by-case* basis on recapitalizations (reclassifications of securities), taking into account the fairness and economics of the proposal.

Poison Pills: We *support* resolutions calling for shareholder approval of short-term and renewal of short-term poison pills, long-term (greater than one year) poison pills, and shareholder rights plans. We *support* shareholder proposals calling for poison pills to be put to a vote within a time period of less than one year after adoption. We *oppose* a company's poison pill if it has a dead hand, or modified dead hand feature. A dead hand is a special type of poison pill antitakeover defense in which only ousted directors can rescind the poison pill. We *oppose* resolutions that increase authorized common stock for the sole explicit purpose of implementing a poison pill. We will vote on a *case-by-case basis* on all poison pill resolutions taking into account the effect on shareholder rights.

Greenmail: Greenmail occurs when a company is forced to pay a premium to repurchase its own stock in order to prevent a hostile takeover. In order to deter management from paying this premium, anti-greenmail provisions are often added to a company's corporate charter requiring a majority of shareholders (excluding the majority shareholder who would be paid the premium) to agree to the buy-back. We *support* resolutions that adopt anti-greenmail provisions. We *oppose* resolutions that allow for the payment of greenmail. We vote on a *case-by-case* basis on anti-greenmail proposals when they are bundled with other charter or bylaw amendments which we would otherwise oppose.

Fair Price Provisions: We *support* resolutions that require a bidder for a corporation to pay every shareholder a fair price, where "fair" is the highest price paid to any shareholder under the offer. We *oppose* two-tiered tender offers.

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Opt-Out of State Anti-Takeover Law: We *support* resolutions to opt-out of state anti-takeover laws. These include control share acquisition statutes, control share cash-out statutes, freeze-out provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, anti-greenmail provisions, and disgorgement provisions.

Appraisal Rights: We *support* proposals to restore, or provide shareholders with, rights of appraisal.

Joint Ventures: We vote on a *case-by-case basis* on proposals to form joint ventures, taking into account the following:

1. Percentage of assets/business contributed
2. Percentage ownership
3. Financial and strategic benefits
4. Governance structure
5. Conflicts of interest
6. Non-completion risk

Corporate Reorganization/ Prepackaged Bankruptcy Plans/Reverse Leveraged Buyouts/Wrap Plans: We vote on a *case-by-case basis* on proposals to increase common or preferred shares or to issue shares as part of a debt restructuring plan, taking into consideration the fairness and economics of the proposal.

Liquidations: We vote on a *case-by-case basis* on liquidations, taking into account management's efforts to pursue other alternatives, the appraisal value of the assets, and the compensation plan for executives managing the liquidation. We will *support* liquidation if the company will file for bankruptcy if the proposal is not approved.

Stakeholder Provisions: We *oppose* resolutions that ask the board to consider non-shareholder constituencies or other non-financial effects when evaluating a merger or business combination.

State Antitakeover Statutes: We vote on a *case-by-case basis* on proposals to opt in or out of state takeover statutes (including control share acquisition statutes, control share cash-out statutes, freeze-out provisions, fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, anti-greenmail provisions, and disgorgement provisions) taking into consideration the fairness and economics of the proposal.

Advance Notice Requirements for Shareholder Proposals: We vote on a *case-by-case basis* on advance notice proposals, supporting those proposals which allow shareholders to submit proposals as close to the meeting date as reasonably possible and within the broadest window possible.

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Amendment of Bylaws without Shareholder Consent: We *oppose* proposals giving the board exclusive authority to amend the bylaws. We *support* proposals giving the board the ability to amend the bylaws with the consent of the shareholders.

Shareholder Ability to Act by Written Consent: We *oppose* proposals to restrict or prohibit shareholder action by written consent. We *support* proposals to allow or make easier shareholder action by written consent.

Shareholder Ability to Call Special Meetings: We *oppose* proposals to restrict or prohibit shareholder ability to call special meetings. We *support* proposals that remove restrictions on the right of shareholders to act independently of management, consistent with the company's Articles of Incorporation and bylaws.

Debt Restructuring: We generally *support* proposals for debt restructuring if it is expected that the company will file for bankruptcy if the transaction is not approved.

Private Placements/Warrants/Convertible Debentures: Generally, we *support* private placement proposals if it is expected that the company will file for bankruptcy if the transaction is not approved. We vote *case-by-case* on proposals regarding private placements, taking into consideration the fairness and economics of the proposal.

Spinoffs: We vote on a *case-by-case* basis on spinoffs, taking into consideration the fairness and economics of the proposal.

Value Maximization Proposals: We vote on a *case-by-case* basis on shareholder proposals seeking to maximize shareholder value by hiring a financial advisor to explore strategic alternatives, selling the company or liquidating the company and distributing the proceeds to the shareholders.

Dual Class Structure: Generally, we *oppose* proposals to create a new class of common stock unless:

1. The company discloses a compelling rationale for the dual-class structure, such as:
 - a. The company's auditor has concluded that there is substantial doubt about the company's ability to continue as a going concern; or
 - b. The new class of shares will be transitory;
2. The new class is intended for financing purposes with minimal or no dilution to current shareholders in both the short term and long term; and
3. The new class is not designed to preserve or increase the voting power of an insider or significant shareholder.

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OTHER CORPORATE GOVERNANCE ISSUES

Confidential Voting: We *support* resolutions that would require companies to implement confidential voting, independent vote tabulators, and use independent inspectors of election.

Majority Voting: We *support* resolutions that will remove board directors if they do not receive a majority of votes. Generally, we *support* binding resolutions requesting that the board change the company's bylaws to stipulate that directors need to be elected with an affirmative majority of votes cast, provided it does not conflict with the state law where the company is incorporated. Binding resolutions need to allow for a carve-out for a plurality vote standard when there are more nominees than board seats.

Cumulative Voting: We *support* resolutions seeking to implement cumulative voting.

Supermajority Voting: We *support* resolutions that would require companies to limit and/or lower supermajority voting requirements. We *oppose* proposals to require a supermajority shareholder vote.

Plurality Voting: We *oppose* resolutions that would implement a plurality voting standard in all director elections. Under this standard, a nominee for the board can be elected with as little as an affirmative vote, even if a substantial majority of the votes cast are "withheld" from the nominee.

Stock Issuance: We *support* resolutions requiring shareholder approval prior to the issuance of additional shares of stock. We *oppose* resolutions authorizing the increase or creation of "blank check" preferred shares. We *oppose* resolutions authorizing the increase or creation of stock that has superior voting rights (dual-class stock).

Amendment of Bylaws: We *support* resolutions requiring shareholder approval for bylaw amendments. We *oppose* resolutions allowing the board exclusive authority to amend or repeal bylaws. We will vote on a *case-by-case basis* on proposals to amend corporate bylaws.

Bundled Proposals: We will vote on a *case-by-case basis* on bundled proposals, taking into account the aggregate effect of the proposals as well as the effect of each proposal separately. In instances when the joint effect of the conditioned items involved is not in the shareholders' best interests, we *oppose* the proposal.

Offshoring: We *support* resolutions to establish an independent committee to prepare a report on the offshoring efforts by a company, and the effect it has on the company in the United States.

Reimbursing Proxy Solicitation Expenses: We vote on a *case-by-case basis* on resolutions to reimburse proxy expenses incurred in connection with nominating one or more candidates in a contested election of directors.

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Conversion of Securities: We vote on a *case-by-case* basis on proposals regarding conversion of securities. When evaluating these proposals the investor should review the dilution to existing shareholders, the conversion price relative to market value, financial issues, control issues, termination penalties, and conflicts of interest. We *support* proposals for conversion if it is expected that the company will be subject to heavy penalties or will be forced to file for bankruptcy if the transaction is not approved.

Preemptive Rights: We vote on a *case-by-case* basis on shareholder proposals that seek preemptive rights, taking into consideration: the size of the company, the characteristics of its shareholder base, and the liquidity of the stock.

Blank Check Preferred Stock: We *oppose* proposals authorizing the creation of new classes of preferred stock with unspecified voting, conversion, dividend distribution, and other rights ("blank check" preferred stock). We *support* proposals to create "declawed" blank check preferred stock. Declawed blank check preferred stock is stock that cannot be used as a takeover defense. We *oppose* proposals to increase the number of blank check preferred stock authorized for issuance when no shares have been issued or reserved for a specific purpose. We vote on a *case-by-case* basis on proposals to increase the number of blank check preferred shares after analyzing the number of preferred shares available for issue given a company's industry and performance in terms of shareholder returns. We *support* proposals to authorize preferred stock in cases where the company specifies the voting, dividend, conversion, and other rights of such stock and the terms of the preferred stock appear reasonable.

Reverse Stock Splits: We *support* management's proposals to implement a reverse stock split when the number of authorized shares will be proportionately reduced. We *support* management's proposals to implement a reverse stock split to avoid delisting. We vote *case-by-case* on proposals to implement a reverse stock split that do not proportionately reduce the number of shares authorized for issue taking into consideration the fairness and economics of the proposal.

Stock Distributions (Splits and Dividends): We *support* proposals to increase the common share authorization for a stock split or share dividend, taking into consideration the fairness and economics of the proposal.

Share Repurchase Programs: We *support* management's proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms.

Compensation Consultants: We *support* shareholder proposals seeking disclosure regarding the Company, Board, or Board committee's use of compensation consultants, including company name, business relationships and fees paid.

Political Spending: We *support* resolutions requesting semi-annual reports on:

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- Policies and procedures for political contributions and expenditure (both direct and indirect) made with corporate funds.
- Monetary and non-monetary contributions and expenditures (direct and indirect) used to participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, and used in any attempt to influence the general public, or segments thereof, with respect to elections or referenda. The report, therefore, shall include:
 - o An Accounting through an itemized report that includes the identity of the recipient as well as the amount paid to each recipient of the Company's funds that are used for political contributions or expenditures as described above.
 - o The title(s) of the person(s) in the Company who participated in making the decisions to make the political contribution or expenditure.

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Environmental Issues

Stewardship of the environment is one of mankind's greatest responsibilities, both to ensure the future quality of life and to ensure our survival itself. Economic activity that jeopardizes future generations by depriving them of natural resources, or polluting the environment, must be rejected in favor of responsible and sustainable growth.

Environmental Reporting: We *support* resolutions seeking to increase overall transparency in terms of companies' environmental practices, environmental risks, and actual and contingent environmental liabilities. We *support* resolutions asking companies to report on the impact of environmental liabilities on shareholder value.

Environmental Justice: We *support* resolutions asking companies to report on whether environmental risks resulting from their activities fall disproportionately on any particular group and to take steps to mitigate those risks. We *support* resolutions asking companies to respect the environment in all communities in which they operate or affect.

Climate Change and Emissions: We *support* resolutions seeking to reduce the level of, and increase public disclosure in regard to global warming, greenhouse gas emissions, toxic chemicals and other environmental liabilities for its operational emissions as well as for its products. We *support* resolutions requiring companies to take responsibility for the cleanup of their toxic emissions.

CERES Principles: The Coalition for Environmentally Responsible Economies (CERES) is a non-profit organization that promotes environmentally sound investment policies. The ten so-called "CERES Principles" offer guidance and standards against which companies can measure their performance on environmental issues. The CERES Principles are as follows:

1. Protection of the Biosphere
2. Sustainable Use of Natural Resources
3. Reduction and Disposal of Wastes
4. Energy Conservation
5. Risk Reduction
6. Safe Products and Services
7. Environmental Restoration
8. Informing the Public
9. Management Commitment
10. Audits and Reports

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We *support* resolutions requesting that companies adopt, endorse, and adhere to the CERES Principles. We *support* resolutions asking companies to publish an annual environmental or sustainability report. We *oppose* resolutions asking companies to restrict, curtail, or promise not to enact public environmental reporting.

Renewable Energy: We *support* resolutions seeking to increase investment in renewable sources of energy. We *support* resolutions asking companies to use renewable sources of energy wherever and whenever reasonably possible. We *support* resolutions requesting the board to prepare a report explaining how the company will respond to rising regulatory, competitive and public pressure to significantly develop renewable energy sources.

Chlorine-Compounds: We *support* resolutions asking companies to phase out chlorine and chlorine-containing compounds in production processes. We *support* resolutions asking companies to use chlorine free paper in their packaging.

Recycling Policy: We *support* resolutions asking companies to increase their recycling efforts and to develop formal recycling policies. We *support* resolutions asking companies to use recycled paper in their packaging.

Climate Change: Generally, we *support* proposals requesting a report on greenhouse gas emissions from company operations and/or products. Generally, we *support* proposals that call for reduction in greenhouse gas emissions by specified amounts or within a restrictive time frame if the company lags industry standards and has been the subject of recent, significant fines or litigation resulting from greenhouse gas emissions.

Sustainability Report: Generally, we *support* proposals requesting the company to report on policies and initiatives related to social, economic, and environmental sustainability.

Development: Generally, we *support* resolutions requesting the disclosure of detailed information on a company's policies related to development.

Animal Rights: Generally, we *support* proposals to phase out the use of animals in product testing unless:

- The company is conducting animal testing programs that are necessary or required by regulation.
- The company is conducting animal testing when no suitable alternatives are available or used at peer firms.

Generally, we *support* proposals seeking a report on the company's animal welfare standards.

Electronic Waste Recycling: We *support* resolutions requesting companies to report on its electronic recycling program. We *support* resolutions on policy options, above and beyond legal compliance, to minimize the environmental impacts of its electronic

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recycling activities by promoting reuse of working equipment and preventing export to non-OECD countries of hazardous e-waste and untested or non-working equipment or components.

Fracking: Generally, we *support* proposals requesting greater disclosure of a company's (natural gas) hydraulic fracturing operations, including measures the company has taken to manage and mitigate the potential community and environmental impacts of those operations.

Water Issues: We vote on a *case-by-case* basis on proposals requesting a company report on, or to adopt a policy on, water-related risks and concerns, taking into account internationally recognized standards and national/local regulations.

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Social Justice Issues

Corporations everywhere are being asked by their stakeholders, regulators, the media, and other constituents to play a larger role in addressing economic and social issues. We at Marc J. Lane Investment Management, Inc. see strong social responsibility as increasingly critical to long term corporate success and profitability. Social Justice includes corporate social behavior in the areas of Diversity and Employee Relations, Human Rights, and Community Involvement.

DIVERSITY AND EMPLOYEE RELATIONS

Equal employment opportunity, respect for diversity, and exemplary employee relations are cornerstones of social justice in the workplace. In order for companies to hire and retain the most talented employees, they need to provide supportive, nondiscriminatory working environments.

Representation of Women and Minorities on the Board: We *support* resolutions requesting that companies take steps to ensure that women and minorities gain board representation. We *support* resolutions requiring companies to report on their nominating procedures and diversity initiatives. We *withhold* approval for nominees if the company has not demonstrated a willingness to include women and minorities on its Board.

Equal Employment Opportunity: We *support* resolutions calling for the disclosure of a company's affirmative action record, its diversity policies and practices, and the statistical data filed with the Equal Employment Opportunity Commission disclosing the company's workforce composition. We *support* resolutions calling for corporate action relating to the implementation of anti-discrimination and equal employment opportunity policies. We *support* resolutions asking companies to incorporate standards of equal opportunity in their overseas operations.

Promotion of Women and Minorities: We *support* resolutions striving to eliminate the "glass ceiling" for women and minority employees. We *support* resolutions asking companies to report on their progress involving the Glass Ceiling Commission's recommendations. We *support* resolutions asking for the increased disclosure of advancement policies and transparency of required qualifications.

Discrimination Based on Sexual Orientation: We *support* resolutions barring discrimination on the basis of sexual orientation. We *support* resolutions allowing spousal benefits to domestic partners, regardless of sexual orientation. We *oppose* resolutions attempting to reduce or eliminate protections given to gay and lesbian employees. We *support* resolutions asking companies to create policies and procedures covering sexual harassment.

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Universal Healthcare Principles: We support resolutions request that companies adopt the five Institute of Medicine principles which state that:

- Health care coverage should be universal.
- Health care coverage should be continuous.
- Health care coverage should be affordable to individuals and families.
- The health insurance strategy should be affordable and sustainable for society.
- Health insurance should enhance health and well-being by promoting access to high- quality care that is effective, efficient, safe, timely, patient-centered, and equitable.

In addition, we support resolutions addressing the perceived conflicts of interest where board members with health industry affiliations vote and/or chair board committees that address healthcare issues.

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HUMAN RIGHTS

Companies also have an obligation to respect, protect, and promote the rights of their workers, as well as those of other citizens in the communities and societies in which they operate. Corporate violations of human rights can lead to negative publicity and a loss of consumer confidence. Companies, by implementing and adhering to stringent human rights standards, labor standards, and codes of conduct in the U.S and abroad, improve the quality of life for employees and the communities in which they live.

Human Rights Standards and Codes of Conduct: We *support* resolutions advocating standards for human rights and codes of conduct in the workplace, including implementation and reporting on the International Labor Organization's codes of conduct, SA 8000 Standards, or the Global Sullivan Principles. We *support* resolutions asking companies to adhere to such principles and codes of conduct in regard to their activities or investment in foreign countries, paying particular attention to those with a history of human rights abuse. We *support* resolutions seeking greater disclosure of a company's labor practices, codes of conduct, and human rights standards.

Vendor Standards: We *support* resolutions asking for independent monitoring to ensure vendor and supplier compliance with codes of conduct and all relevant laws and standards as they relate to working conditions, benefits, and wages. We *support* resolutions seeking to persuade vendors and suppliers to raise labor standards to acceptable levels, rather than simply terminate contracts with them. We *support* resolutions seeking to terminate relationships with foreign and domestic vendors and suppliers which produce products or manufacturing inputs for the company and refuse to stop using forced labor or child labor, or that fail to comply with applicable laws which protect employees' basic rights.

Country-specific Human Rights Reports: We vote on a *case-by-case* basis on requests for reports detailing the company's operations in a particular country and steps to protect human rights, based on the following:

- The nature and amount of company business in that country.
- The company's workplace code of conduct.
- Proprietary and confidential information involved.
- Company compliance with U.S. regulations on investing in the country.
- Level of peer company involvement in the country.

Racial Stereotypes: We *support* resolutions seeking the scrupulous avoidance of racial stereotypes in advertising campaigns. We *support* resolutions calling on companies to avoid the use of advertising that misappropriates images of cultural significance or that portrays any group in a negative or offensive light.

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Countries Notorious for Human Rights Abuse: We *support* resolutions that advocate ending all business involvement with any country or government with a history of human rights abuse that is unwilling to raise its standards to acceptable levels.

Indigenous Peoples' Rights: We *support* resolutions that request companies to prepare reports on the impact of their operations on indigenous communities. We *support* resolutions requesting companies to prepare a report on their policies and procedures regarding host country laws and regulations with respect to their adequacy to protect indigenous rights. We *support* resolutions requesting companies to prepare a report on their policies and procedures regarding process and practice for obtaining consent of indigenous peoples affected by the company's operations, through their recognized and official governance structures.

COMMUNITY INVOLVEMENT

Companies must do their part to build strong, well-integrated, well-educated, progressive, and prosperous communities. Social justice, as it relates to the communities in which we live and work, calls for the responsible use of capital to enhance the quality of life.

Charitable Contributions: We support *resolutions* asking for increased transparency of charitable giving. We *oppose* resolutions that attempt to diminish or limit corporate philanthropy.

Political Contributions: We *support* resolutions asking companies to disclose political contributions, made directly or through PACs, via their annual reports. We *support* resolutions calling for increased transparency of government lobbying activities.

Equal Credit Opportunity: We *support* resolutions requesting increased disclosure on lending practices in low/moderate income or minority areas, and steps to remedy mortgage-lending discrimination. We *support* resolutions requesting increased disclosure on the development of fair lending policies. We *support* resolutions requesting increased disclosure on ECOA (Equal Credit Opportunity Act) and policies and procedures regarding compliance with ECOA. We *support* resolutions asking companies to ensure that home mortgage programs do not discriminate based on any criteria other than the borrower's ability to repay the mortgage. We support resolutions asking banks and investment firms to incorporate social criteria into their lending and underwriting practices.

Redlining: We *support* resolutions to develop and implement policies dealing with fair lending, housing, and other non-discriminatory business practices.

Predatory Lending: We *support* resolutions calling on companies to address and eliminate predatory lending practices. We *support* resolutions requiring companies to develop and implement policies that guard against predatory lending practices.

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Internet Privacy and Censorship: We will vote on a case-by-case basis on resolutions regarding the disclosure and implementation of Internet privacy and censorship policies. We favor positions that ensure freedom of speech, privacy, and support the open exchange of ideas and commerce. We oppose measures involving censorship and the excessive monitoring of the Internet.

MANAGEMENT ISSUES

We vote on a *case-by-case basis* on management issues including the:

1. extent of debt financing and capitalization,
2. nature of long-term business plans,
3. corporation's investment in training to develop its work force and
4. other workplace practices,
5. treat employees as assets rather than costs and
6. integrate the views of line employees.